

COOLEY GODWARD KRONISH LLP
Ronald R. Sussman (RS 0641)
Gregory Plotko (GP 9234)
1114 Avenue of the Americas
New York, New York 10036-7798
Telephone: 212-479-6063
Facsimile: 212-479-6275
E-mail: rsussman@cooley.com

*Attorneys for Defendants S&H Marketing, Inc.
f/k/a S&H Greenpoints, Inc., and
The Sperry and Hutchinson Company, Inc.*

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK**

WALTER BEINECKE, III, EAGLIS
ALTERNATIVE INVESTMENTS I, LLC,
GEOFFREY T. FREEMAN, GRAHAM
GUND, HENRY A. JORDAN, JENNIFER C.
McNEIL, J. STUART MOORE, and CARL
NOVOTNY, TRUSTEE of the S&H
NOMINEE TRUST,

Plaintiffs,

-against-

S&H MARKETING, INC. f/k/a S&H
GREENPOINTS, INC., and THE SPERRY
AND HUTCHINSON COMPANY, INC.,

Defendants.

08 Civ. 2483 (GBD)

ELECTRONICALLY FILED

**DECLARATION OF RONALD R.
SUSSMAN IN SUPPORT OF
DEFENDANTS S&H MARKETING, INC.
AND THE SPERRY AND HUTCHINSON
COMPANY, INC.'S MOTION TO
TRANSFER VENUE TO THE CENTRAL
DISTRICT OF CALIFORNIA**

I, Ronald R. Sussman, pursuant to 28 U.S.C. §1746, declare and state as follows:

1. I am a partner with the law firm Cooley Godward Kronish LLP, attorneys for Defendants S&H Marketing, Inc. f/k/a S&H Greenpoints, Inc. ("S&H"), and The Sperry and Hutchinson Company, Inc. ("Sperry"). I submit this Declaration in support of Defendants S&H

Marketing, Inc. and The Sperry and Hutchinson Company, Inc.'s Motion to Transfer Venue to the Central District of California, dated March 14, 2008 (the "Motion"). All terms used in the Declaration are intended to have the same meanings set forth in the Motion. All of the facts set forth herein are known to me personally or upon information and belief.

2. Attached hereto as Exhibit A is a true and correct copy of the Securities Purchase Agreement (the "SPA") between Solidus and its Senior Creditors, dated December 6, 2005, under which the Senior Creditors authorized the issuance of a series of senior notes that were used to finance Solidus's operations.

3. Attached hereto as Exhibit B is a true and correct copy of the Consent, Waiver and Amendment, dated November 2, 2006, between Solidus and its Senior Creditors, under which the Senior Creditors approved the Solidus-S&H/Sperry merger on two conditions: (i) Plaintiffs—and other S&H and Sperry noteholders—would have to subordinate their notes with Defendants to the Senior Creditors' notes with Solidus; and (ii) Defendants would have to give guarantees of Solidus's obligations to the Senior Creditors and secure those guarantees with liens on essentially all Defendants' assets.

4. Attached hereto as Exhibit C is a true and correct copy of the Subordination Agreement, dated December 5, 2006, between Solidus, S&H, Sperry, the Bank of New York—as agent for Solidus's Senior Creditors—and Plaintiffs, in which Plaintiffs agree to subordinate their S&H and Sperry Notes to Solidus and Defendants' Obligations to Solidus's Senior Creditors.

5. Attached hereto as Exhibit D is a true and correct copy of the Merger Agreement between Solidus, Greenpoints Acquisition Corp., S&H Greenpoints, Inc., and Joel R. Carpenter, as Stockholders' Representative, dated October 31, 2006.

6. Attached hereto as Exhibit E is a true and correct copy of Supplement No. 2, dated June 15, 2007, and signed by Defendants, in which Defendants joined in the security agreement that Solidus previously entered with the Senior Creditors, under which S&H and Sperry secured Solidus's guarantee with liens on essentially all their assets.

7. Attached hereto as Exhibit F is a true and correct copy of Solidus's Consent to the Entry of a Chapter 11 Order for Relief under Section 303(h) of the Bankruptcy Code, filed December 14, 2007, in the Central District of California Bankruptcy Court.

8. Attached hereto as Exhibit G is a true and correct copy of Solidus subsidiary Indivos Corporation's Voluntary Petition for Bankruptcy under Chapter 11, filed on December 14, 2007, in the Central District of California Bankruptcy Court.

9. Attached hereto as Exhibit H is a true and correct copy of excerpts from the List of Creditors that appears on the Solidus Bankruptcy Docket Report, as of March 12, 2008.

10. Attached hereto as Exhibit I is a true and correct copy of Solidus's DIP Credit Agreement, dated December 19, 2007.

11. Attached hereto as Exhibit J is a true and correct copy of the Final DIP Order, entered by the Honorable Thomas Donovan of the Central District of California Bankruptcy Court, dated January 28, 2008, authorizing Solidus, over Plaintiffs' objections, to obtain debtor-in-possession financing secured by new guarantees from S&H and Sperry.

12. Attached hereto as Exhibit K is a true and correct copy the S&H and Sperry Noteholders' Limited Objections to the Final DIP Order, dated January 10, 2008.

13. Attached hereto as Exhibit L is a true and correct copy of Letter from Thomas R. Kreller, Milbank, Tweed, Hadley & McCloy LLP, to Thomas Lumsden, Custodian of Debtor Solidus Networks, Inc., enclosing Plaintiffs' bid to acquire all of the capital stock of S&H and

Sperry, dated March 5, 2008, which was expressly conditioned on the Senior Creditors releasing their guarantees from S&H and Sperry and the liens securing those guarantees.


14. Attached hereto as Exhibit M is a true and correct copy of the Summons and Complaint in this Action and accompanying exhibits, filed on February 19, 2008 in the Supreme Court of the State of New York, County of New York.

15. Attached hereto as Exhibit N is a true and correct copy of excerpts from the Creditor Mailing Matrix that appears on the Docket Report for the Solidus bankruptcy case pending in the Central District of California Bankruptcy Court, as of March 12, 2008.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Dated: March 14, 2008
New York, New York

COOLEY GODWARD KRONISH LLP

By: 
Ronald R. Sussman (RS 0641)
Gregory Plotko (GP 9234)

The Grace Building
1114 Avenue of the Americas
New York, New York 10036-7798
Telephone: 212-479-6063
Facsimile: 212-479-6275
E-mail: rsussman@cooley.com

*Attorneys for Defendants S&H Marketing, Inc. f/k/a
S&H Greenpoints, Inc., and The Sperry and
Hutchinson Company, Inc.*